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SUBJECT: TURKISH CHAMBER CONTINUES TO PROMOTE BUSINESS COOPERATION WITH ISRAEL AND PALESTINE

REF: ANKARA 2729

**¶11. (U)** Summary: Business delegations from Israel, Palestine and Turkey (the Ankara Forum) met in Jerusalem June 7 and agreed to move forward with an Israeli proposal to revive the Erez Industrial Zone in Gaza and restore more than 4,000 jobs to Palestinian workers there. Special Envoy Wolfensohn met with Turkish Union of Chambers and Commodity Exchanges (TOBB) President Hisarciklioglu July 13 in Ankara and gave his support to the project. The Ankara Forum delegation will meet again September 21 in Istanbul. End Summary.

**¶12. (SBU)** Business officials from Israel, Palestine and Turkey came together June 7 in Jerusalem for the second meeting of the "Ankara Forum" to discuss concrete steps of commercial cooperation, specifically a proposal by the Israeli delegation to revive the Erez Industrial Zone in Gaza. TOBB Foreign Affairs Advisor Mustafa Bayburtlu noted that the first meeting in April was very difficult, but the meeting in Jerusalem went smoothly and enjoyed strong support from the Israeli authorities, including Foreign Minister Peres. The three delegations agreed to establish a working group to work out the details of a plan to establish a tripartite company to take over the industrial zone, invest in modern infrastructure and attract companies to set up operations there.

**¶13. (U)** Palestinian authorities reported that 200 companies, including 100 Israeli companies, used to operate in the zone, providing jobs for more than 5,000 Palestinians. However, most of the companies left the zone, leaving jobs for only 600 Palestinians. Bayburtlu said TOBB did a preliminary feasibility study which showed that the zone is not big enough now to merit the kinds of infrastructure investments needed. After the Jerusalem meeting, TOBB officials visited the zone and determined to go ahead with a modest plan of small steps to improve the zone followed by a more exhaustive expert study of options to restore the zone. The Ankara Forum will meet September 21 in Istanbul, when TOBB hopes to sign a tripartite MOU committing the three sides to move forward with the Erez project.

**¶14. (SBU)** TOBB President Rifat Hisarciklioglu met World Bank President Wolfensohn July 13 at Ankara airport to discuss the Erez project. Wolfensohn apparently stopped in Ankara only to talk to TOBB about this issue. Bayburtlu said that Wolfensohn was "very impressed" by the project and pledged to support it. Turkish press also reported the Wolfensohn stopover and characterized it as Wolfensohn's support for the TOBB project. Bayburtlu added that TOBB is more concerned about international support than financing and was pleased with Wolfensohn's support.

**¶15. (SBU)** Separately, the press officer at the Israeli Embassy gave her econoff her view of the Turkish and TOBB interest. In addition to the broad Turkish foreign policy interest in the peace process, she said TOBB is also interested because they are hoping Turkish firms will get contracts to work on a Gaza airport project.

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